

Message Text

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ORIGIN OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 COME-00 TRSE-00 OMB-01 L-03

SS-15 SP-02 NSC-05 PRS-01 CIAE-00 INR-07 NSAE-00

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EB/IFD/OIA:DHSTEBBING

NEA/IRN:RWBEALES

-----212324Z 003981 /61

O 212253Z JAN 77

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN IMMEDIATE

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E.O. 11652: N/A

TAGS: EINV

SUBJECT:IRAN CALIFORNIA COMPANY

REF: 76 STATE 165904; 76 STATE 1054,2; 75 STATE 225748;

SEPT 19, 1975 LETTER TO ECON. OFFICER TAYLOR

1. A REPRESENTATIVE OF BAMERICAL INTERNATIONAL FINANCE CORPORATION ("BIFC") VISITED OPIC'S OFFICES ON JANUARY 11, 1977 TO DISCUSS CONTINUED DIFFICULTIES WITH ITS IRANIAN PARTNERS IN IRAN CALIFORNIA COMPANY ("ICC"). A MEMCON OF THE MEETING IS BEING TRANSMITTED BY CLASSIFIED POUCH, BUT THE THRUST OF BIFC'S REPORT IS THAT,SINCE JANUARY 1976 WHEN AN EFFORT WAS MADE TO FORCE THE U.S. INVESTORS TO IRREVO- CABLY PLEDGE THEIR STOCK IN ICC UNDER THREAT OF LIQUIDATION OF THE COMPANY, BIFC HAS BEEN COMPLETELY EXCLUDED FROM PARTICIPATING IN ICC. ACCORDING TO BIFC, THE COMPANY IS BEING RUN EXCLUSIVELY BY AND FOR THE BENEFIT OF THE

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IRANIAN STOCKHOLDERS, THE KHUZESTAN WATER AND POWER AUTHORITY ("KWPA") AND THE AGRICULTURAL DEVELOPMENT BANK OF IRAN ("ADBI"), BOTH OF WHICH ARE UNDER THE SUPERVISION OF THE GOI MINISTRY OF AGRICULTURE.

2. BIFC HAS NOT YET FILED A CLAIM FOR COMPENSATION UNDER ITS OPIC CONTRACTS OF GUARANTY WHICH INSURE

APPROXIMATELY 800,000 DOLLARS OF ITS INVESTMENT IN ICC AGAINST EXPROPRIATION, BUT HAS INDICATED THAT IT IS IN THE PROCESS OF DOING SO. AS THE EMBASSY KNOWS, TRANS-WORLD AGRICULTURAL DEVELOPMENT CORP. ("TWA") FILED A CLAIM FOR EXPROPRIATION COMPENSATION UNDER ITS OPIC CONTRACTS IN CONNECTION WITH ITS INVESTMENT IN ICC LAST JUNE 1976.

3. OPIC HAS REPEATEDLY REQUESTED THE EMBASSY'S ASSISTANCE

IN EVALUATING THIS SITUATION, IN THE REFTELS, THE REFERENCE CORRESPONDENCE, AND BY THE VISIT OF OPIC OFFICER GUPTA TO TEHRAN ON NOVEMBER 17-18, 1976, WITHOUT ANY RESPONSE WHATSOEVER. OPIC IS SIMPLY NOT IN A POSITION TO EFFECTIVELY DISCHARGE ITS RESPONSIBILITIES WITH RESPECT TO THIS MATTER WITHOUT THE EMBASSY'S ASSISTANCE.

4. ONCE AGAIN OPIC REQUESTS THE EMBASSY FOR ITS EVALUATION OF THE COMPLAINTS BY TWA AND BIFC INCLUDING, TO THE EXTENT POSSIBLE, AN ASSESSMENT OF THE MOTIVATIONS BEHIND THE ACTIONS OF KWPA AND ADBI -- I.E., WHETHER THERE IS A LEGITIMATE SHAREHOLDER DISPUTE OR AN EFFORT BY REPRESENTATIVES OF THE GOI TO SQUEEZE OUT U.S. INVESTORS.

5. OPIC ALSO REQUESTS THAT AT ITS DISCRETION, THE EMBASSY COMMUNICATE TO THE APPROPRIATE GOI OFFICIALS, PRESUMABLY OFFICIALS IN THE MINISTRY OF AGRICULTURE, THE COMPLAINTS OF TWA AND BIFC TOGETHER WITH OPIC'S INTEREST IN THE MATTER.

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